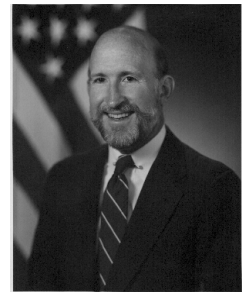


NOTES FROM THE:

Deputy Assistant Secretary, Cost & Economics

by Mr Joseph T. Kammerer



Several process changes are under consideration that would improve the fidelity of the CPFH factors. First, the Executive AFCAIG is looking at revising the way previous year's obligations are converted to current year dollars for the Material Support Division (MSD). The proposed methodology would develop and use MAJCOM-unique "conversion factors" for each aircraft based on the latest prices in the supply system vice using the MSD working capital fund composite rate change. In addition, these MAJCOM/aircraft unique rates will be derived using a three-year average consumption "market basket" to minimize significant cyclical fluctuations in consumption for each aircraft. Secondly, the AFCAIG is considering mandating the use of a three-year historical consumption average to build factors for aircraft with small fleet sizes. The goal is to provide a more stable and accurate factor, smoothing out cyclical spikes and dips. Finally, potential changes to the FY04 POM AFCAIG process are being discussed that include accelerating the timeline, and integrating the AFCAIG process with the Spares Requirements Review Board (SRRB) process, run by AFMC/LGI and AF/ILSY.

NAF Oversight Update. By the time you see this, we should have completed our NAF oversight update briefings to all MAJCOM FMs. We emphasized NAF oversight Survival Skills and informed them of new NAF Oversight additions to the FM Self-Inspection Checklist for installation FMs and NAF Financial Analysts (NAFFAs). We have completed our annual NAFFA Workshops with the MAJCOM NAFFAs (6-8 February), and USAFE NAFFAs (27 February - 1 March). We will meet with AF Reserve NAFFAs the end of April; ACC and AETC NAFFAs 22-24 May at Kelly AFB; and AMC, AFMC and PACAF NAFFAs 5-7 June at Fairchild AFB. Services financial managers are attending all our workshops this year, and Services is providing strong support in the form of updates on several of their significant initiatives. We are providing updates on actions taken to address findings in the AFAANAF Oversight audit, as well as current issues requiring NAFFA awareness. The AFAA is supporting our workshops by presenting

a condensed version of their excellent Fraud Awareness training. The workshops have been well received by attendees

EA Training. SAF/FMC is pleased to announce that we were able to secure funding for two Economic Analysis for Decision Makers (EADM) courses to be taught by Defense Acquisition University at Rock Island IL. The first course will be 5-14 June 2001 and the second course will be 17-26 July 2001. Registration information is available on the SAF/FMC website under the Economic Analysis tab at www.saffm.hq.af.mil/. The target audience for these courses are base level officers and civilians who are routinely tasked to perform economic analysis work. SAF/FMC is funding tuition only. The student's unit must fund all related travel/tdy expenses. Registration closed on 2 March 2001. In addition, we are planning the 10th Annual Economic Analysis Conference. Look to the website for further information.

Annual Department of Defense Cost Analysis Symposium (ADoDCAS). The 34th ADoDCAS was held in Williamsburg VA in early February. This event provides Department of Defense cost analysis professionals the opportunity to develop their technical skills and discuss items of general interest to the government financial management community. The Air Force Cost Analysis Agency participated on the Cost Research Panel. Dr Stephen Balut, the panel moderator, led the discussion on the update of DoD weapon system cost estimating capabilities. A lively discussion among audience members focused on the impact of acquisition reform on cost data collection. It was highlighted that there is a need for the cost community to emphasize this problem area to upper-level management in the acquisition community to bring resolution to the decreasing amount of data that is available for use in cost estimating future weapon systems. OSD (PA&E) will post a briefing on this topic on the ADoDCAS web site: www.ra.pae.osd.mil/adodcas/. As always, this was a great event and I hope to see you in attendance next year.